

# IRS News Release

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## **The IRS Will Address Technical Terminations of Publicly Traded Partnerships Resulting In Multiple Short Tax Years Within a Calendar Year**

IR-2008-110, Sept. 25, 2008

WASHINGTON — The Internal Revenue Service announced today that it plans to issue guidance regarding technical terminations of a publicly traded partnership (PTP) resulting in multiple short tax years within one calendar year.

Technical terminations of PTPs resulting in multiple short tax years within a calendar year can cause considerable problems for taxpayers. This issue is being worked through the Industry Issue Resolution (IIR) program, and taxpayers who follow the resulting guidance can avoid time consuming audits.

The issue that the IIR program is considering arises when more than 50 percent of a PTP's capital and profits interest are sold or exchanged within a 12-month period, thereby resulting in a technical termination of the partnership under section 708(b) of the Internal Revenue Code. For the calendar year in which it occurs, a technical termination results in the PTP having two short tax years. Consequently, the PTP is required to file a Form 1065, "U.S. Partnership Return of Income," for each short tax year. This requirement can cause tax problems for the partnership.

The IIR Program provides guidance to help clarify complex tax issues. This program can provide a greater level of certainty for taxpayers, which is important in today's business environment.

Since its inception in 2000, the IIR program has resulted in resolution of many different tax issues cumulatively affecting thousands of taxpayers in many different lines of business. For each issue selected, a multi-functional team gathers and analyzes the relevant facts and recommends guidance.

At any time, business associations and taxpayers may submit business tax issues that they believe could be resolved through the IIR program. IIR project selection criteria and submission procedures are outlined in Revenue Procedure 2003-36, which is available on the IRS Web site at [www.irs.gov](http://www.irs.gov). The IRS reviews submissions at least semi-annually, with the next review to be on submissions received by Aug. 31, 2008.

Attached is detailed information regarding the issues the IRS considered during its latest review of IIR submissions.

ISSUE SUBMISSIONS FOR THE IIR PROGRAM REVIEWED - SELECTED AS A 2008 IIR PROJECT	
Utility Industry	
<b>Issue Description:</b> Technical Termination of Publicly Traded Partnerships	<b>Submitted by:</b> PricewaterhouseCoopers LLP
<b>IRS Contact:</b>  Keith Jones, Director Natural Resources and Construction  Phone # 713-209-3704	

ISSUE SUBMISSIONS FOR THE IIR PROGRAM REVIEWED - <u>NOT</u> SELECTED AS A 2008 IIR PROJECT		
Retailers, Food, Pharmaceuticals, and Healthcare		
<b>Issue Description:</b> Applicability of Rev. Proc. 2004-34 to Gift Cards of Restaurants.	<b>Submitted by:</b> Miller & Chevalier, Chartered	
Heavy Manufacturing and Transportation		
<b>Issue Description:</b> Safe Harbor Per Diem Allowance per Mileage for Motor Carriers	<b>Submitted by:</b> American Trucking Associations	
<b>Issue Description:</b> Application of IRC 263A to Franchised Automobile and Truck Dealers	<b>Submitted by:</b> National Automobile Dealers Association	
Cross Industry		
<b>Issue Description:</b> Electronically-filed W-2 Deadline - automatic extension of time to file Form W-2 with the SSA for employers who are required to file on an expedited basis (due to going out of business).	<b>Submitted by:</b> National Payroll Reporting Consortium, Inc.	

